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Closely contested bids mark Washington state bond issues

OLYMPIA, Wash. — The state of Washington today drew highly competitive bidding for \$551 million in bonds in three separate issues in the Office of the State Treasurer.

The State Finance Committee (SFC) met after the bidding to award the bids. State Treasurer Michael J. Murphy, who chairs the committee, said: "Once again, Washington state bonds are proving to be very attractive in the marketplace. We're happy with how hard people compete to get our business, and we're delighted with the interest rates."

The most hotly contested bidding was for a sale of \$260 million in motor vehicle fuel tax general obligation bonds (Series 2006E). Merrill Lynch & Co.'s true interest cost (TIC) bid of 4.422659 percent nudged out Lehman Brothers' TIC proposal of 4.4227526 percent – a difference of .0000936, or \$850.09 over the 25-year life of the bonds. Also bidding were Morgan Stanley & Co. (4.4247354 percent), Banc of America (4.4258051 percent), Citigroup Global Markets (4.429736 percent) and UBS Securities (4.4339628 percent).

Banc of America Securities was awarded the bid for \$236 million in various purpose general obligation bonds (Series 2006D) with a true interest cost (TIC) bid of 4.431224 percent. Also bidding were UBS Securities (4.4376828 percent) and Merrill Lynch & Co. (4.4382688 percent).

Morgan Stanley won the bid for \$55 million in motor vehicle fuel tax general obligation bonds (Series 2006F) with a TIC bid of 4.3834711 percent. Also competing were Merrill Lynch (4.4044258 percent), UBS Securities (4.414367 percent), Lehman Brothers (4.4355223 percent), Banc of America Securities (4.4478369 percent), LaSalle Financial Services (4.4529236 percent) and Citigroup (4.4646983).

Treasurer Murphy is chairman of the State Finance Committee and serves on the committee along with Gov. Christine Gregoire and Lt. Gov. Brad Owen.

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